

Message Text

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41

ACTION EUR-25

INFO OCT-01 ADP-00 SCEM-02 EB-11 CIEP-02 COME-00 TRSE-00

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 8327

C O N F I D E N T I A L LISBON 2945

E.O. 11652: GDS

TAGS: EIND, BDIS, PO

SUBJECT: MOBIL OIL PORTUGUESA

REF: STATE 153420

1. IN WEEKEND CONVERSATION WITH PETROSUL PRESIDENT ANDRE GONCALVES PEREIRA, PRESIDENTIAL ASSISTANT PETER FLANIGAN MADE POINTS PARA 3 REFTTEL, ADDING OBSERVATION THAT GOP ACTION WITH RESPECT MOBIL COULD BE INTERPRETED AS A FORM OF NATIONALIZATION. PEREIRA JOKINGLY REPLIED THAT "WE ARE STILL TREATING YOU BETTER THAN QHADDAFI." IN UNDERSCORING ADVERSE EFFECT OF AMERICAN BUSINESS/FINANCIAL COMMUNITY'S REACTION, FLANIGAN OBSERVED THAT PORTUGAL WAS NOT MEASURED BY QHADDAFI'S YARDSTICK. PEREIRA WENT ON TO SAY THAT ACTION WAS SOLELY TO MAKE ROOM FOR NEW REFINERY AND WOULD EXPIRE IN 1978, WITH PETROSUL'S PRODUCTION SCHEDULED TO COME ON STREAM IN EARLY 1976.

2. AT DINNER AUGUST 7, FLANIGAN REPEATED THIS EXCHANGE TO FOREIGN MINISTER PATRICIO AND INDUSTRIALIST MIGUEL QUINA. EARLIER IN EVENING IN PRIVATE CONVERSATION WITH LEADING MILITARY FIGURES FOLLOWING SPEECH AT PORTUGUESE DEFENSE COLLEGE, FLANIGAN HAD STRESSED IMPORTANCE OF FOREIGN INVESTMENT FOR PORTUGAL'S DEVELOPMENT AND REMARKED

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THAT PROSPECTS FOR ATTRACTING INVESTMENT COULD BE ADVERSE-

LY AFFECTED BY SUCH ACTIONS AS "THE RECENT CONFISCATION
OF MOBIL ASSETS."

3. MOBIL PRESIDENT AGREES WITH ME THAT GOP POLICY DIE
IS PROBABLY IRREVOCABLY CAST AND THAT THE MOST THAT CAN
BE ACCOMPLISHED IS TO MAKE POINTS ALONG LINES THOSE MADE
BY FLANIGAN WHEN OPPORTUNITIES PRESENT THEMSELVES IN ORDER
TO SECURE MAXIMUM MITIGATING EFFECTS OF GOP ACTIONS.
SEPARATELY, UK EMBASSY HAS CONTACTED SHELL AND BP REPS
WHO APPARENTLY FEEL THAT FORMAL REPRESENTATIONS BY EMBASSIES
AT THIS STAGE COULD UPSET CERTAIN NEGOTIATIONS THEY NOW
ENGAGED IN TO SOFTEN IMPACT OF GOP MOVES. WE ACCORDINGLY
FEEL THAT NO FURTHER FORMAL APPROACH TO GOP AT PRESENT
IS INDICATED THOUGH WE WILL, OF COURSE, TAKE EVERY
OPPORTUNITY TO REITERATE POTENTIAL DAMAGE OF SUCH
GOP ACTIONS TO PORTUGAL'S REPUTATION AMONG BUSINESS
AND FINANCIAL CIRCLES IN US.
POST

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